

Message Text

CONFIDENTIAL

PAGE 01 MANILA 13107 01 OF 02 221359Z

ACTION EA-10

INFO OCT-01 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01
TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 SSO-00
PM-05 DHA-02 /091 W

-----001042 221423Z /50

P 221040Z AUG 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 4049

INFO SECDEF WASHDC

JCS

CINCPAC

CINCPACREPHIL

C O N F I D E N T I A L SECTION 1 OF 2 MANILA 13107

CINCPAC FOR POLAD

FOR UNDERSECRETARY COOPER AND ASSISTANT SECRETARY HOLBROOKE

E.O. 11652: GDS

TAGS: MARR, ETRD, RP

SUBJECT: GOP DEMARCHE ON BILATERAL ECONOMIC TALKS AND BASE
NEGOTIATIONS

REF: STATE 197398

1. SUMMARY: EW VIEW THE GOP "DIPLOMATIC OFFENSIVE" OF
AUGUST 17 ON BILATERAL ECONOMIC TALKS AND ON BASE NEGOTIATIONS
AS AN EFFORT BY MARCOS TO EXTRICATE HIMSELF FROM THE CURRENT
HAITUS ON THE ISSUES WHICH, WHILE QUITE CONFORTABLE FOR THE
U.S., HAS LEFT THE GOP IN A POOR POSITION TO LEVEL TRADE
CONCESSIONS, EXERCISE MORE SOVEREIGNTY OVER THE BASES, AND
SECURE INCREASED MILITARY SUPPLY. AS TO ECONOMIC TALKS,
IT WOULD SEEM APPROPRIATE TO REPLY BY NOTE WITH A STRAIGHT-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANILA 13107 01 OF 02 221359Z

FORWARD RECITATION OF US-RP DISCUSSIONS OVER SEVERAL MONTHS
AND REAFFIRMATION OF OUR READINESS TO PURSUE "PRE-NEGOTIATION"
DISCUSSIONS IN MANILA SEPTEMBER 10. THE QUESTION OF BASE
NEGOTIATIONS SEEMS MORE NUANCED. THERE ARE REASONS WHY
MARCOS MAY NOT RPT NOT WANT TO PROCEED TOO FAST, AND WE
HAVE CAUSE TO CONSIDER OUR REACTION WITH PARTICULAR CARE.
ACCORDINGLY, WE STRONGLY AGREE WITH THE PRELIMINARY

RESPONSE SET BY OAKLEY TO ROMUALDEZ AUGUST 17; I.E., NO DATES OR SIGNIFICANT PROPOSALS UNTIL HOLBROOKE MEETS WITH MARCOS IN SEPTEMBER. END SUMMARY.

2. WE SPECULATE GOP HAS BELATEDLY (PROBABLY BECAUSE MARCOS HAS BEEN OTHERWISE PREOCCUPIED WITH MINDANAO, SUBAH, ETC.) FOUND ITSELF WITH US IN POSITION OF "POSITIVE HIATUS" AS REGARDS ECONOMIC AND BASE NEGOTIATIONS. THE ESSENTIALS OF THIS POSITION WERE THAT BOTH SIDES HAD IN EFFECT (A) AGREED TO PRENEGOTIATE CONCERNING THE FREABILITY AND THUS DESIRABILITY OF NEGOTIATING THE ECONOMIC AGREEMENT, AND (B) TO RESOLVE DIFFICULTIES AND EFFECT OPERATIONAL MODIFICATIONS CONCERNING U.S. MILITARY PRESENCE AT THE BASES WITHIN THE CURRENT MILITARY BASES AGREEMENT. CONCURRENTLY, BOTH SIDES WERE INCREASINGLY RESTRAINED IN PUBLIC EXPRESSION, CONTRIBUTING TO AN APPEARANCE OF MUTUAL GOOD FEELING. MEANWHILE, WE HAD DISCOVERED THAT AMERICAN ECONOMIC, COMMERCIAL AND FINANCIAL INTERESTS COULD MAKE OUT SATISFACTORILY WITHOUT A NEW ECONOMIC AGREEMENT. ON THE BASES SIDE, WE, OF COURSE, REMAINED AWARE THAT WE HAD AN AGREEMENT VALID UNTIL 1991. IN OTHER WORDS, "POSITIVE HIATUS" WHILE QUITE COMFORTABLE FOR THE U.S. MAY FOR THAT VERY REASON HAVE SEEMED INCREASINGLY TO THE GOP TO BE SINGULARLY UNLIKELY TO GENERATE THE TRADE CONCESSIONS, MORE VISIBLE ATTENTION TO PHILIPPINE SOVEREIGNTY OVER THE BASES AND CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MANILA 13107 01 OF 02 221359Z

INCREASED MILITARY SUPPLY DESIRED BY THE PHILIPPINE SIDE. WHETHER MARCOS NOW REALLY EXPECTS AGREEMENTS FORMAL AND SOON REMAINS DEBATABLE, BUT HE SURELY DOES HOPE TO MOVE US AS RAPIDLY AS POSSIBLE TOWARD CONCEDING THE SUBSTANCE OF DESIRED CONCESSIONS AND COMPENSATIONS.

3. BILATERAL ECONOMIC TALKS

A. THE REPORTED GOP DESIRE TO RESUME FORMAL NEGOTIATIONS FOR AN ECONOMIC TREATY IS SOMEWHAT PUZZLING, SINCE WE ARE CURRENTLY ENGAGED IN "PRE-NEGOTIATION" DISCUSSIONS TO ASCERTAIN IF OUR POSITIONS ARE PROMISING ENOUGH TO WARRANT FULL-FLEDGED NEGOTIATIONS. THESE DISCUSSIONS BEGAN EVEN BEFORE AMBASSADOR VEGA'S VISIT TO WASHINGTON AUGUST 1, AND CONTINUE IN CURRENT EXCHANGES IN MANILA WITH VEGA AND VIRATA'S DEPUTY. AS FAR AS WE CAN DETERMINE OUR RESPECTIVE POSITIONS REMAIN FAR APART-- WITH THE GOP INSISTENT UPON RETAINING MFN TREATMENT OF INVESTMENTS AND WE HESITANT TO GRANT WAIVER ON GSP.

B. THE TIMING OF THE US/ASEAN CONSULTATIONS AND THE PARTICIPATION OF UNDERSECRETARY COOPER AND

HEGINBOTHAM NO DOUBT PLAYED A ROLE
IN THE GOP FORMAL DEMARCHE ON ECONOMIC NEGOTIATIONS.
OAKELY'S RESPONSE THAT WE CONTINUE "INFORMAL DISCUSSION"
IS A GOOD TACTIC AND ACCORDS WITH VIRATA'S EXPRESSED
PREFERENCE.

C. CERTAIN GOP OFFICIALS APPARENTLY CONTINUE TO
BELIEVE THAT THE USG IS ANXIOUS FOR AN ECONOMIC TREATY;
ALTHOUGH THE RECENT EXCHANGES SHOULD HAVE DISPELLED
THAT NOTION. HOWEVER, SINCE US/ASEAN CONSULTATIONS
WILL FEATURE THE DEPARTMENT'S MOST SENIOR ECONOMIC OFFICIAL, THE GOP
MAY SEE THIS AN AN OPPORTUNITY TO APPEAL AT A HIGHER
LEVEL FOR THE FLEXIBILITY IT DESIRES IN USG NEGOTIATING POSTURE.
THIS, WE BELIEVE, IS AN ARGUMENT FOR HEGINBOTHAM TO LEAD THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 MANILA 13107 01 OF 02 221359Z

DISCUSSIONS.

D. FINALLY, THE GOP MAY WELL WISH TO FURTHER A
FAVORABLE INVESTMENT CLIMATE BY A FLURRY OF INTEREST IN AN
ECONOMIC TREATY TO DEFINE POST LAUREL-LANGLEY RELATIONS.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MANILA 13107 02 OF 02 221400Z
ACTION EA-10

INFO OCT-01 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01
TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 PM-05
DHA-02 SSO-00 /091 W
-----001055 221422Z /50

P 221040Z AUG 77

FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 4050
INFO SECDEF WASHDC
JCS
CINCPAC
CINCPACREPPHIL

C O N F I D E N T I A L SECTION 2 OF 2 MANILA 13107

CINCPAC

FOR UNDERSECRETARY COOPER AND ASSISTANT SECRETARY HOLBROOKE

E. THE REALITY IS THAT WE AND THE GOP REMAIN ENGAGED IN "PRE-NEGOTIATIONS", AND WE SHOULD KEEP THE DISCUSSIONS THERE FOR THE PRESENT TO AVOID POSSIBLE DISILLUSIONMENT AND ADVERSE REACTION LATER. WE SUSPECT THAT THE GOP UNDERSTANDS THIS BUT STILL HOPES TO INJECT A BIT MORE DYNAMISM INTO THE PROCESS.

4. BASE NEGOTIATIONS. THE GOP REQUEST FOR "IMMEDIATE RESUMPTION" OF BASE TALKS IS MORE SURPRISING GIVEN NEGATIVE CONSTRAINTS ON MARCOS.

A. ASSUMING THAT MARCOS DOES WANT THE BASES TO STAY, WHICH WE BELIEVE IS THE CASE, HE MUST HAVE SOME MISGIVINGS ABOUT PUSHING HARD ON SECURITY ISSUES UPON WHICH OBSERVABLE U.S. POLICY DOES NOT SEEM CONCLUSIVELY CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANILA 13107 02 OF 02 221400Z

FORMULATED.

B. MARCOS CONTINUED TO HAVE A HUMAN RIGHTS PROBLEM WITH THE ADMINISTRATION, THE CONGRESS AND THE AMERICAN PEOPLE. IT WOULD SEEM UNWISE FOR HIM TO PUSH FOR A NEW AGREEMENT UNTIL HIS HUMAN RIGHTS RECORD HAS SIGNIFICANTLY IMPROVED.

C. FOR MARCOS TO SET HIS SIGNATURE TO A NEW AGREEMENT WOULD BE IN EFFECT TO AFFIRM THAT IT IS A "GOOD" AGREEMENT AND THUS NOT SO EASILY CRITICIZED AT HOME OR EXPLAINED IN THE THIRD WORLD.

5. NONETHELESS, MARCOS HAS NOW GONE ON RECORD REQUESTING TALKS.

A. WORLD IMAGE ON THE OTHER SIDE OF 4C ABOVE, MARCOS MAY HAVE BEEN REMINDED IN THE RECENTLY CONCLUDED ASEAN MEETING THAT CURRENT ARRANGEMENTS FOR THE BASES CAST SOME SHADOW ON THE IMAGE HE WOULD LIKE TO PROJECT. THIS PROBLEM MIGHT BE EASED IN THE EYES BY AN ACTIVE BASES NEGOTIATION, PARTICULARLY, IF IT AIMS AT DEPARTURE OF U.S. FORCES EARLIER THAN THE CURRENTLY AGREED 1991.

B. PHILIPPINE MILITARY. MARCOS MUST BE FEELING PRESSURE FROM THE MILITARY, WHO BELIEVE THAT DELAY IN CONCLUDING AN AGREEMENT COULD BE COSTING THEM FROM \$100-\$200 MILLION A YEAR IN HARDWARE.

C. HUMAN RIGHTS. MARCOS MAY VIEW THE BASES AS A MEANS TO ALLEVIATE US PRESSURE IN THE HUMAN RIGHTS AREA. HE MAY BE ENCOURAGED IN THIS BY THOSE AMONG HIS MILITARY WHO VIEW HUMAN RIGHTS VIGILANCE AS A BURDEN-SOME CONSTRAINT ON EFFORTS TO ROUNDUP THOSE WHOM THEY CONSIDER CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MANILA 13107 02 OF 02 221400Z

ARE DANGEROUS COMMUNIST SUBVERSIVES. AS A COROLLARY, MARCOS MAY FEEL THAT RECENT EFFORTS TO IMPROVE HIS HUMAN RIGHTS RECORD, PARTICULARLY THE LATEST DECISION TO LIFT CURFEW AND TRAVEL RESTRICTIONS AND THE PROMISE OF ELECTIONS, SHOULD SATISFY U.S. REQUIREMENTS FOR SOME TIME.

D. SECURITY BACKLASH. MARCOS MAY SHARE THE VIEW OF SOME AMERICAN OBSERVERS THAT THERE IS A "SECURITY BACKLASH" WORKING IN THE U.S. CONGRESS, DERIVING FROM PROJECTED TROOP WITHDRAWALS FROM KOREA, CANCELLATION OF THE B-1 BOMBER, CHILLIER RELATIONS WITH THE SOVIET UNION, AND THE PROBLEM OF TAIWAN. THESE FACTORS COULD SUGGEST THAT NOW IS THE TIME TO PRESS ON.

E. ECONOMIC LEVERAGE. MARCOS KNOWS THAT HE HAS LITTLE DIRECT LEVERAGE WITH US IN ECONOMIC MATTERS, BUT WITH COOPER COMING TO TOWN HE MIGHT STRIVE TO STRENGTHEN HIS NEGOTIATING POSITION THROUGH THE BASES WHICH TRADITIONALLY HAVE BEEN VIEWED BY THE GOP AS USEFUL IN MOST MAJOR BILATERAL ISSUES WITH US.

6. ASSESSMENT AND RECOMMENDATION.

A. ECONOMIC TALKS. THE GOP REQUEST FOR BILATERAL ECONOMIC TALKS PROBABLY REFLECTS A GOP DESIRE TO INJECT GREATER DYNAMIC INTO THE CONTINUING PROCESS OF PRE-NEGOTIATION EXPLORATIONS. IT WOULD BE APPROPRIATE TO REPLY BY NOTE WITH A STRAIGHTFORWARD RECITATION OF THE DISCUSSIONS WHICH HAVE TAKEN PLACE OVER THE PAST SEVERAL MONTHS, WINDING UP WITH AN AFFIRMATION OF OUR READINESS TO PURSUE "PRE-NEGOTIATION" DISCUSSIONS IN MANILA SEPTEMBER 10.

B. BASE NEGOTIATIONS. BALANCING OUT FACTORS WEIGHING ON MARCOS CONCERNING THE BASES, WE QUESTION IF HE IS INDEED EAGER TO PUSH FORWARD FAR AND FAST, TOWARD A NEW CONFIDENTIAL

CONFIDENTIAL

PAGE 04 MANILA 13107 02 OF 02 221400Z

AGREEMENT. LACKING A CLEARER IDEA OF MARCOS' INTENTIONS,

IT SEEMS PRUDENT TO HOLD OFF SETTING A SPECIFIC DATE FOR
NEGOTIATIONS UNTIL HOLBROOKE AND WE HAVE AN
OPPORTUNITY TO GUAGE THE SITUATION IN SEPTEMBER.
STULL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, MILITARY BASE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA13107
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770302-0849
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770838/aaaabflp.tel
Line Count: 282
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 556cfa56-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 197398
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1528620
Secure: OPEN
Status: NATIVE
Subject: GOP DEMARCHE ON BILATERAL ECONOMIC TALKS AND BASE NEGOTIATIONS
TAGS: MARR, ETRD, RP
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/556cfa56-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009